

EAST HERTS COUNCIL

AUDIT COMMITTEE – 23 SEPTEMBER 2015

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND SUPPORT SERVICES

RISK MANAGEMENT MONITORING REPORT (APRIL TO JUNE 2015)

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 2015.

<u>RECOMMENDATION FOR AUDIT COMMITTEE:</u>	
That:	
(A)	the action taken to mitigate and control strategic risks be approved.

1.0 Background

The Strategic Risk Register was last considered by Audit Committee on 15 July 2015. (Period January to March 2015). The register has been updated to reflect controls implemented between April and June 2015 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 system of rating listed below applies to the 2015/16 financial year. The financial scoring element has changed slightly as detailed in the Risk Management Strategy presented to audit Committee on 18 March 2015.

Rating the potential impact if the risk was to occur using the following scores

- 4 **High** - Greater than £300,000 and / or national criticism and / or catastrophic fall in service quality
- 3 **Medium** - £150,000 to £300,000 and / or regional criticism and / or major long term fall in service quality
- 2 **Low** - £50,000 to £150,000 and / or long term local media criticism and / or minor long term or major short term fall in service quality
- 1 **Negligible** - Below £50,000 and / or short term local media criticism and / or short term fall in service quality

Rating the likelihood of occurrence using the following scores

- 4 **Probable** - The event is likely to occur within a year
- 3 **Possible** - The event is likely to occur within, or more than one in three years
- 2 **Unlikely** - The event could occur less frequently than every three years
- 1 **Rare** – 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 Strategic risks were reviewed for the 2015/16 financial year following consideration of the previous year's register, service plans, and trends and emerging risks. Nine 2014/15 risks were updated and remain on the revised register.

- 2.5 Scores for two retained risks have changed:

- 2.5.1 Funding reduction (15-SR1): The likelihood rating has increased from 3 to 4.

- 2.5.2 Welfare reforms (15-SR8): The likelihood rating has increased from 3 to 4.
- 2.5.3 In 2014/15 the 'Government Policy' risk was split to reflect short and long term uncertainty, but these have been merged in 2015/16. (15-SR5).
- 2.6 The following were deleted:
 - 2.6.1 HR and workforce management policies. (Reduced to 'control' in quarter two of 2014/15 due to controls implemented. Formerly 14-SR6).
 - 2.6.2 Development of an investment strategy. (Deleted from Strategic Risk Register as strategy passed through Committee channels and implemented, Formerly 14-SR10).
 - 2.6.3 Increased levels of demand from residents and businesses. (Reduced to 'control' in quarter two of 2014/15 due to controls implemented. Formerly 14-SR12).
 - 2.6.4 Here to Help. (Reduced to 'control' in quarter two of 2014/15 due to controls implemented. Formerly 14-SR13).
- 2.7 The following have been added to the Strategic Risk Register for 2015/16:
 - 2.7.1 Bishop's Stortford Development. (15-SR10)
 - 2.7.2 Health and safety compliance. (Escalated from Operational Risk Register to provide Members with assurance regarding controls in place. The risk has not materially changed. 15-SR11).
 - 2.7.3 Business Continuity Planning. (15-SR12).
 - 2.7.4 Develop digital service offer in line with Customer Service Strategy. (15-SR13).
 - 2.7.5 Compliance with Children Act 2004. (15-SR14).
- 2.8 Controls implemented in the period April to June 2015 have been recorded. Please refer to **Essential Reference Paper B** for more information.
- 2.9 All strategic and operational risks can be viewed on the Council's performance management system, Covalent (www.covalentcpm.com/eastherts).

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 January to March 2015 – Audit Committee 15 July 2015.

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