

EAST HERTS COUNCIL

AUDIT COMMITTEE – 16 MARCH 2016

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND  
SUPPORT SERVICES

RISK MANAGEMENT MONITORING REPORT (OCTOBER TO  
DECEMBER 2015)

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

- This report relates to action taken to mitigate and control strategic risks in the period October to December 2015.

**RECOMMENDATION FOR AUDIT COMMITTEE:**

**That:**

<b>(A)</b>	<b>the action taken to mitigate and control strategic risks be approved.</b>
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1.0 Background

The Strategic Risk Register was last considered by Audit Committee on 25 November 2015. (Period July to September 2015). The register has been updated to reflect controls implemented between October and December 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.

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 Controls implemented in the period October to December 2015 have been recorded. All scores since the previous quarter remain unchanged, with the exception of 15-SR6. (Availability and performance of IT systems). The likelihood rating has reduced from 3 to 2 as all services are now using the hosted desktop and resilience is therefore improved. A new risk has been introduced concerning Old River Lane, Bishop's Stortford. Please refer to **Essential Reference Paper B** for more information.
- 2.5 This information will be presented to the Executive on 8 March 2016, so no comments from the Executive are available in advance of this Audit Committee meeting.

- 2.6 The Strategic Risk Register for 2016/17 has been drafted. As the first report featuring this register will be presented at the meeting on 21 September 2016, changes are summarised below.
- 2.7 In 2016/17 two new risks will be added concerning devolution and extreme weather.
- 2.8 Three risks will drop down to the Operational Risk Management Group due to the controls implemented; 15-SR6 - 'Availability and performance of IT systems', 15-SR11 – 'Health and Safety', and 15-SR12 – 'Business Continuity Planning'.
- 2.9 15-SR1 – 'Significant funding reduction' will be split in to two sections, separating business rate income.
- 2.10 15-SR4 – 'Shared services' will be expanded to cover alternate service delivery models generally.
- 2.11 15-SR10 – 'Bishop's Stortford development' will be expanded to include large / strategic developments generally.
- 2.12 15-SR16 – 'Old River Lane, Bishop's Stortford' will be expanded to the vitality of town centres generally.
- 2.13 Generally there has been a significant shift of scoring towards the 'critical' segment of the matrix, reflecting the financial and legislative challenges that the Council faces.
- 2.14 All strategic and operational risks can be viewed on the Council's performance management system, Covalent ([www.covalentcpm.com/eastherts](http://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 July to September 2015 – Audit Committee 25 November 2015.

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