

## **East Herts Council Report**

### **Audit and Governance Committee**

**Date of meeting:** 16 March 2021

**Report by:** Executive Member for Corporate Services

**Report title:** Annual Review of Risk Management Strategy

**Ward(s) affected:** All

### **Summary**

The report explains the key changes to the Risk Management Strategy proposed for 2021/22.

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### **RECOMMENDATION FOR AUDIT AND GOVERNANCE COMMITTEE:**

- a) The Risk Management Strategy be reviewed and officers advised of recommendations that could enhance management of risk and the associated monitoring processes.**

#### **1.0 Proposal(s)**

1.1 Whilst the existing Risk Management Strategy remains fit for purpose, follows trade body guidance and received a 'good' audit rating, a number of changes are proposed. Their key changes are:

1.1.1 The risk scoring matrix has been expanded and scoring thresholds revised.

1.1.2 Target scores will no longer be set.

1.1.3 The format and content of monitoring reports has been revised. (The new format can be seen in the monitoring report also submitted.)

1.1.4 Monitoring of service risks at Leadership Team will be reintroduced.

## **2.0 Background**

2.1 The Risk Management Strategy is reviewed annually by Leadership Team and the forerunners of Audit and Governance Committee. Performance, Audit and Governance Oversight Committee last considered on 19 May 2020. Leadership Team considered and agreed the updates proposed in February 2021.

## **3.0 Reason(s)**

3.1 Risk management processes have been scaled back in recent years but it is proposed that monitoring and reporting increase from 2021/22. Public services are facing unprecedented challenges and the effective management of risk is needed more than ever. A risk-managed approach to decision helps the council achieve objectives and deliver services more efficiently, using innovative and cost-effective means.

## **4.0 Options**

4.1 The risk scoring matrix has been expanded as a 3:3 matrix is considered too restrictive. Given the compact matrix and thresholds, most strategic risks monitored naturally fall in the top right corner giving the false impression of a council in crisis. Expanding the matrix provides a more realistic picture. (The likelihood axis referencing has also changed from numeric to alpha given the proposed reporting changes.)

- 4.2 The reporting template has been expanded to provide more comprehensive detail to Leadership Team and Members.
  - 4.2.1 The existing title of 'risk' has been renamed 'vulnerability'.
  - 4.2.2 The existing 'description' is now split between 'triggers' and 'consequences' for clarity.
  - 4.2.3 Mitigation action (or controls) implemented or planned will continue to be recorded.
  - 4.2.4 Given that triggers or consequences will change infrequently, a new section has been added to 'update on current position' and include comment on how other factors have altered such as financial variances, legislation changes etc. This avoids text being added to other sections or even missed.
- 4.3 Target scores – the level that risks can be managed down to - will no longer be set as these seem to add little to the process.
- 4.4 Reintroduction of service risk reporting and monitoring was proposed and agreed last year, but withdrawn immediately by Leadership Team. There is a commitment to undertake this year and risks will be managed at Leadership Team. Escalation processes will ensure that risks are escalated to Committee when necessary.
- 4.5 Terminology has been updated throughout the Strategy and the content streamlined to hopefully make it easier for staff to follow. Removing target scores should assist.
- 4.6 It is hoped that the changes will gain the approval of the committee and will ensure that staff understand how to identify and manage risk. Once the final content is agreed, all Members will be notified along with appropriate staff. Training will be provided where necessary and the committee report will

be updated to reflect scoring mechanisms.

## **5.0 Risks**

- 5.1 Implementation of risk management produces many benefits for the Council which are documented within the Strategy.
- 5.2 The council is not obliged to have a Risk Management Strategy but failure to do so would not meet best practice and would leave a hole in the council's governance structure.

## **6.0 Implications/Consultations**

- 6.1 The Risk Management Strategy remains based on guidance from the Association of Local Authority Risk Managers but also draws on experience of new senior officers. The processes proposed are considered proportionate to the size and needs of the council and changes hopefully reflect feedback received from members of Leadership Team, the Portfolio Holder and this committee.

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

None specific but risk management can provide protection of budgets from unexpected losses. Better governance can be

demonstrated and the annual audit plan is risk based.

### **Health and Safety**

None specific but risk management processes can provide a safer environment across the District and all services for the benefit of the public, staff and our contractors.

### **Human Resources**

No

### **Human Rights**

No

### **Legal**

No

### **Specific Wards**

No

## **7.0 Background papers, appendices and other relevant material**

7.1 Appendix 1 is a clean version of the document. The second appendix is a comparison of the content.

7.2 If required, the existing Risk Management Strategy can be viewed [here](#).

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