

# PERFORMANCE, AUDIT & REVIEW COMMITTEE

27 March 2008

\*PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

6

**TITLE OF REPORT: REFERRAL FROM THE AUDIT AND RISK PANEL: 12 MARCH 2008  
– RISK MANAGEMENT UPDATE**

*Extract from draft minutes*

## 31. RISK MANAGEMENT UPDATE

The Risk Manager provided an update on the management of the Strategic and Corporate risks owned at NHDC by the Corporate Management Team and Cabinet.

The Panel noted the proposed changes to Risk Assessments, as follows:

- The Lead Officer for the Financial Management Risk had recommended that, following the setting of the Council Tax, the probability for the risk was reduced to a 1, which reduced the matrix score to a 6. The assessment of this risk did change on a cyclical basis and it was likely that the assessment for the risk would increase during the corporate business planning process;
- It was suggested that the risk of Waste Management also had a reduced probability score of a 2, which reduced its matrix score from a 9 to an 8. This reflected the successful implementation of the alternate week waste collection and allowed for the forthcoming introduction of the collection of kitchen waste as a recyclable item;
- Following progress in introducing more robust health and safety policy and procedures, it was suggested that the top risk for Full Compliance with Health and Safety Legislation had a reduced probability score of 1, which took its risk matrix score to that of a 6. It was further suggested that this was now moved to a CMT risk.

**RESOLVED:** That the amendments to the Top Risks, as listed at Paragraph 4 of the report, be noted.

### **RECOMMENDED TO THE PERFORMANCE, AUDIT AND REVIEW COMMITTEE:**

- (1) That the reduction in the assessment of the Cabinet Top Risks of 'Financial Management' and 'Waste Management' be agreed and recommended to Cabinet for approval;
- (2) That the reduction in the assessment of the risk of 'Full Compliance with Health and Safety Legislation', and its future management as a CMT risk, be agreed and recommend to Cabinet for approval.

### **REASON FOR DECISIONS:**

- (1) To accord with the declared Risk Management Strategy of North Hertfordshire District Council.
- (2) Referral of the changes to the assessment of the risks of Financial Management and Waste Management to Cabinet as Cabinet has overall responsibility for managing these risks.
- (3) Referral of the reduction in the assessment of the risk of Full Compliance with Health and Safety Legislation and future management of the risk by CMT to Cabinet as Cabinet currently has overall responsibility for managing this risk.

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*The following is the report considered by the Audit and Risk Panel at its meeting held on 12 March 2008.*

## **TITLE OF REPORT: RISK MANAGEMENT UPDATE**

### **REPORT OF THE HEAD OF FINANCIAL SERVICES**

#### **1. SUMMARY**

- 1.1 To provide the Panel with an update on the management of the Strategic/Corporate risks owned by the Corporate Management Team and Cabinet. The changes to the Cabinet risks should be referred to the Cabinet for approval.
- 1.2 To provide the Panel with an update on progress with business continuity management arrangements at the Council.

#### **2. FORWARD PLAN**

- 2.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

#### **3. BACKGROUND**

- 3.1 The Audit and Risk Panel received a quarterly report on the Top Corporate/Strategic Risks at its January 2008 meeting.
- 3.2 The majority of Top Risks have been reviewed by the Lead Officers. The Corporate Management Team reviewed and challenged the Top Risks at its meeting on 4 March 2008.
- 3.3 As part of the Council's Assurance Framework, Heads of Service have been completing Assurance Statements for 2007/2008 which will be used for the compilation of the Annual Governance Statement. Each Head of Service has confirmed that the risk register for their service area is up to date and includes projects, partnerships, performance management, financial planning and policy making and review. The risk register and any relevant Top Risks are used as evidence to support the production of the Assurance Statement.

#### **4. TOP RISKS**

- 4.1 The assessment of two of the risks has changed in terms of probability score since the last risk management update to the Panel. It is also recommended that one risk is deleted from the list of Top Risks. Full details of these recommendations are detailed below and a summary is detailed on the Risk Matrix attached as Appendix A. A full copy of all of the Top Risk descriptions and actions will be available at the Panel meeting.

#### **CHANGES TO RISK ASSESSMENTS**

- 4.2 The Lead Officer for the Financial Management Risk recommends that following the setting of the Council Tax, the probability for the risk is reduced to a "1" which reduces the matrix score to a 6. The assessment of this risk does change on a cyclical basis and it is likely that the assessment for the risk will increase during the corporate business planning process.
- 4.3 It is suggested that the risk of Waste Management also has a reduced probability score of a 2 which reduces its matrix score from a 9 to an 8. This

reflects the successful implementation of the alternate week waste collection and allows for the forthcoming introduction of the collection of kitchen waste as a recyclable item.

- 4.4 Following progress in introducing more robust health and safety policy and procedures, it is suggested that the top risk for Full Compliance with Health and Safety Legislation has a reduced probability score of a 1 which takes its risk matrix score to that of a 6. Furthermore, it is suggested that this is now moved to a CMT risk.

## **5. BUSINESS CONTINUITY MANAGEMENT**

- 5.1 The Emergency Planning Officer is preparing a full report on both Emergency Planning and Business Continuity for the Corporate Management Team. This will include a full review of the Business Continuity Management Strategy.
- 5.2 Further Business Continuity testing days have been arranged for 12<sup>th</sup> and 13<sup>th</sup> March.

## **6. LEGAL IMPLICATIONS**

- 6.1 No legal implications arise from Top Risk updates to the Audit and Risk Panel.

## **7. FINANCIAL AND RISK IMPLICATIONS**

- 7.1 Any additional resources to complete risk management actions should be included in the Corporate Business Planning process. There are no direct financial implications from this report. Following the identification of key financial risks identified by each Head of Service and cross referenced to the risk register, risks that, should they arise, might impact on the General Fund have been considered and built into the General Fund balance for 2008/2009.
- 7.2 The Risk Management Strategy requires the Audit & Risk Panel to consider regular reports on the Council's Top Risks.

## **8. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS**

- 8.1 There are no direct Human Resource or Equalities implications arising from this report.

## **9. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS**

- 9.1 Consultation has been undertaken with the CMT, Heads of Service, the Emergency Planning Officer and the Risk Management Group (this includes Councillor T. Hone as Risk Management Member 'champion').

## **10. RECOMMENDATIONS**

It is recommended that the Audit and Risk Panel :

- 10.1 Notes there have been amendments to the Top Risks.
- 10.2 Refers the reduction in the assessment of the Cabinet Top Risks of Financial Management and Waste Management to PARC for onward referral to Cabinet.

- 10.3 Refers the reduction in the probability of the risk of Full Compliance with Health and Safety Legislation and its future management as a CMT risk to PARC for referral to Cabinet. The management of this risk will continue to be overseen via the Corporate Management Team

## **11. REASONS FOR RECOMMENDATIONS**

- 11.1 The recommendations in paragraph 10.1 are presented in accordance with the Council's risk management strategy. These changes have previously been scrutinised by the Corporate Management Team.
- 11.2 Referral of the changes to the assessment of the risks of Financial Management and Waste Management to Cabinet as Cabinet has overall responsibility for managing these risks.
- 11.3 Referral of the reduction in the assessment of the risk of Full Compliance with Health and Safety Legislation and future management of the risk by CMT to Cabinet as Cabinet currently has overall responsibility for managing this risk.

## **12. APPENDICES**

- 12.1 Appendix A – Risk Matrix

## **13. CONTACT OFFICERS**

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CABINET RISKS - RISK MATRIX MARCH 2008

APPENDIX A

PROBABILITY	3	4	7	9	Sustainable Development of the District  Hitchin Town Centre Development
	2	2	5	8	Organisational Development  Local Area Agreement  Office Accommodation and Asset Management Service@North-Herts Sustainable Community Strategy <b>Waste management ↓</b>
	1	1	3	6	Business Continuity Plans  Delivery of the Corporate Plan  <b>Financial Management ↓</b>
		1	2	3	Impact  Decreased risk assessment ↓

CORPORATE MANAGEMENT TEAM RISKS - RISK MATRIX M ARCH 2008

PROBABILITY	3	4	7 Development of Town Centre Strategies	9
	2	2	5 Promoting Equality & Diversity Delivery of outcomes from the museum service FSR Workforce Planning Procurement Contributing to the Community Safety Partnership	8
	1	1	3	6 Full compliance with Health & Safety legislation ↓
		1	2	3
		IMPACT		

Decreased risk assessment ↓