



AGENDA ITEM: 10
SUMMARY

Report for:	Cabinet
Date of meeting:	21 October 2014
PART:	1
If Part II, reason:	

Title of report:	Updates to the Strategic Risk and Opportunity Register
Contact:	Councillor Nicholas Tiley, Portfolio Holder for Finance and Resources James Deane, Assistant Director (Finance & Resources)
Purpose of report:	To recommend amendments to the current Strategic Risk Register to reflect the revised approach to managing strategic risks and opportunities agreed by Cabinet on 22 July 2014.
Recommendations	It is recommended that Cabinet agrees the following changes to take effect from the start of the new municipal year, and instruct the Monitoring Officer to make amendments to the Council's Constitution as appropriate: <ul style="list-style-type: none"> • An annual review of the Strategic Risk Register, with a focus on risk identification for the future, to involve Cabinet, Leader of the Opposition and Chief Officer Group; • Scrutiny of the SRR to be undertaken by the Audit Committee, as a standing item on the Committee agenda; and, • Each Overview and Scrutiny Committee will receive a quarterly update on the SRR, covering those risks specifically related to that committee.
Corporate objectives:	Corporate Governance
Implications:	<u>Financial</u> The effective management of strategic risks and opportunities reduces the time and associated costs of dealing with unforeseen events and increases the likelihood that the Council will be able to take advantage of opportunities to deliver its objectives as set out in the Corporate Plan and

<p>'Value For Money Implications'</p>	<p>supporting strategies (e.g., medium-term financial strategy, asset management strategy).</p> <p><u>Value for Money</u> The effective management of strategic risks and opportunities is a key tool in ensuring that services are provided as effectively, efficiently and economically as possible. By anticipating and mitigating risk, costly short term urgent actions are avoided as far as possible in delivering services. Seeking out and taking advantage of opportunities that present themselves accelerates the pace of delivery of Corporate Plan objectives.</p>
<p>Risk Implications</p>	<p>Risk Assessments are included for each item on the proposed revised Strategic Risk and Opportunity Register.</p>
<p>Equalities Implications</p>	<p>N/A</p>
<p>Health And Safety Implications</p>	<p>Effective risk management supports the Council's Health and Safety policies. By giving careful thought to the risks inherent in projects and changes in the ways services are delivered, the health and safety of both service users and staff are better protected.</p>
<p>Monitoring Officer/S.151 Officer Comments</p>	<p>Monitoring Officer: No further comments to add.</p> <p>S.151 Officer Comments are included in the body of the report.</p>
<p>Consultees:</p>	<p>Linda Dargue, Insurance & Risk Manager Corporate Management Team Audit Committee</p>
<p>Background papers:</p>	<p>None.</p>
<p>Glossary of acronyms and any other abbreviations used in this report:</p>	<p>None.</p>

Background

1. At its meeting on 22 July 2012, Cabinet received a report reviewing the Council's current Strategic Risk Register (SRR). It was agreed that the Register should be refreshed so that in future:
 - It is synchronised with the Corporate Plan, with both documents showing all current strategic risks and the risk owner for each;

- It is synchronised with the MTFS to ensure that resources have been prioritised to deal with strategic risks that cannot easily be mitigated;
- It covers the same planning period as the Corporate Plan and the MTFS;
- It includes the opportunities facing the Council over the planning period as well as known risks;
- The SRR is jointly 'owned' by the executive (Cabinet) and senior management (CMT);
- It shows more clearly how corporate risk management helps to achieve the Council's corporate objectives (e.g., reduction in insurance premiums, fewer business interruptions, increased resilience, improved compliance, inspection regimes satisfied, rating compared to neighbouring boroughs); and,
- It shows more clearly how corporate risk management supports the Council's change agenda (e.g., agreed approach to dealing with risks from Cabinet, OSCs, COG, CMT, etc.; improved communication across the Council; increased confidence in the ability to manage and deliver services/projects; external confidence with partners, peers; focus and prioritisation of scarce resources based on evidence of risk reduction/mitigation).

Internal Audit review

2. Subsequently, the Council's Internal Audit Services provider, Mazars, presented a report to the Council's Audit Committee on 30 September entitled 'Risk Management Strategic Review.'

<http://www.dacorum.gov.uk/home/council-democracy/meetings-minutes-and-agendas/events/2014/09/30/audit-committee/audit-committee>

Their overall conclusion regarding the Council's arrangements for managing strategic risk was a classification of 'Substantial' assurance.

3. Mazars made four recommendations for improvement, which are summarised as follows:
 - The Council to undertake an annual review of the SRR, to involve Members and Officers, focusing on risk identification for the future;
 - The Council should ensure that risk registers for key projects tie into the Council's overall risk management strategy;
 - The Council should record the reasons why it requests further risk mitigation measures or why it accepts a risk as it currently stands; and,
 - Increase Member involvement in the review of risks, and the role of the Audit Committee in the review and scrutiny of the SRR.
4. The recommendations have been agreed by management and by the Audit Committee, which added an additional recommendation that the annual review of the SRR should include at least one Opposition Member.

Proposed amendments from May 2015

5. Following discussions with the Portfolio Holder, other Cabinet members and Chief Officers, it is recommended that the following amendments be made to

the Council's risk management process, to take effect from the start of the new municipal year:

- An annual review of the SRR with a focus on risk identification for the future, to involve Cabinet, Leader of the Opposition, and Chief Officer Group;
- Scrutiny of the SRR to be undertaken by the Audit Committee, as a standing item on the Committee agenda; and,
- Each Overview and Scrutiny Committee will receive a quarterly update on the SRR, covering those risks specifically related to that committee.

Proposed amendments for the remainder of 2014/15

6. For the remainder of the current financial year it is proposed to continue with existing risk governance arrangements and for changes to be limited to the addition, removal, or amendment of risks currently appearing on the SRR.
7. The current SRR has been reviewed by Chief Officers and Cabinet members, and in summary the following amendments are proposed:

Current Risks	Proposed Amendments to Current Risks
F1 Resource base affected by slow recovery from recession resulting in lack of funds to deliver on commitments and policies.	F1 (revised) Resource base not sufficient to deliver Corporate Plan (absorbing Current Risk F3: Failure to achieve identified savings to ensure that the budget remains balanced).
F2 Lack of effective procurement and contract management.	F2 No amendment.
F3 Failure to achieve identified savings to ensure that the budget remains balanced.	F3 Deleted: Absorbed into Strategic Risk F1 above.
F5 Risk of extensive damage to property arising from adverse weather conditions and/or unstable ground within the Dacorum area.	F5 No amendment.
I2 Failure to effectively manage health and safety	I2 No amendment.
M1 Failure to deliver required regeneration and economic growth.	M1 No amendment but current controls and assurances need to be updated to reflect the Council's latest Economic Development Strategy.

M2 Failure to shape services based on robust understanding of customer's needs.	M2 (revised) Failure to deliver efficiently run services based on the needs of customers.
R1 Failure to align political aspirations for service delivery with budget pressures.	R1 Deleted.
R3 Disclosure of personal data in breach of the Data Protection Act.	R3 This risk should continue to be reported on the Strategic Risk Register, and in addition should be incorporated within each Operational Risk Register.

In addition, the following new risks and opportunities are proposed:

Marketplace: Key commercial partnership fails or failure of services provided via a partner/contractor.
Reputational: Failure to respond effectively to a business continuity or disaster recovery event.
Corporate: Opportunity to exceed current plans for creation of new homes over the next five years.
Corporate: Opportunity to use the Council's commitment to invest £30m into regeneration as a catalyst for inward investment across the borough.

8. Cabinet is recommended to approve these changes, to be reflected in next quarter's SRR.