



AGENDA ITEM:

SUMMARY

Report for:	Resources Overview & Scrutiny
Date of meeting:	12 June 2012
PART:	1
If Part II, reason:	

Title of report:	Annual Risk Management Report 11/12
Contact:	Councillor Nick Tiley Portfolio Holder for Finance Resources Sally Marshall, Director Finance & Corporate Services Linda Dargue, Insurance & Risk Manager
Purpose of report:	<p>(1) To provide ROSC with the year end report for 11/12 in relation to the ongoing implementation of the Risk Management Strategy</p> <p>(2) To provide the Q4 report on the Strategic Risk Register</p> <p>(3) To provide the Q4 report on the Operational Risk Registers</p>
Recommendations	1. That the content of the report is noted and recommended to Cabinet for approval together with any associated comments.
Corporate objectives:	Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives
Implications:	<p><u>Financial</u></p> <p>None identified.</p>
'Value For Money Implications'	<p><u>Value for Money</u></p> <p>Risk management is closely linked to the Council's commitment to ensure that all resources are used efficiently and forms part of effective financial planning. The Council also needs to ensure that adequate provisions are in place to address anticipated risks but that these are no greater than necessary so that maximum resources are applied to services as required. To this end the Council sets minimum target working balances for both the general fund and HRA and at the date of this report this minimum balances are secured. Budget</p>

	exercises for 2011/12 have ensured that the minimum balance requirements will also be met for the next financial year.
Risk Implications	<p>Effective risk management is an important factor in all policymaking, planning and decision making.</p> <p>Failure to manage risk effectively could have serious consequences for the Council leading to increased costs, wasted resources, prosecution and criticism under external assessments</p>
Equalities Implications	Not applicable
Health And Safety Implications	Not applicable
Consultees:	CMT
Background papers:	<p>Risk Management working paper files</p> <p>Report to CMT 29 May 2012</p>

BACKGROUND

1. During 2011/12 the focus on risk management was to consolidate and build on the changes that took place in 2010/11: namely the changes to the Corporate Risk Group, the Risk Strategy and Risk Guidance. This concentrated on establishing a stronger governance framework and placing risk management within the context of business planning and monitoring. Putting the Strategic and Operational Risk Registers on CorVu was a key element of this which was designed to:
 - Make risk reporting simpler
 - Make risk reporting more visible and more open to scrutiny from members
 - Improve ownership of risks and risk registers
 - Focus attention on revising risk assessments regularly and frequently
2. The Corporate Risk Group has been incorporated into the Assistant Directors Group and risk assessment is addressed as a specific topic by the group once each quarter as part of the risk management scrutiny cycle. Overall responsibility for scrutiny of both strategic and operational risks remains with the Finance & Resources Overview and Scrutiny Committee.
3. During 2011/12 Deloitte undertook an audit of Risk Management. The auditors provided 'substantial' assurance that the system was working effectively both in terms of design of controls and implementation of controls. There were five recommendations, as follows:

R1 Assistant Directors and Group Managers should be reminded that risk registers should be completed consistently

R2 Assistant Directors should be reminded that operational risk registers need to be completed and submitted to the Performance and Systems Lead

R3 Operational risk registers should be uploaded onto Corvu...in a timely manner to enable the implementation of the new risk monitoring process

R4 Further direction should be provided to Assistant Directors on the concept of opportunity risks

R5 Assistant Directors should be reminded that internal audits which have identified significant issues should be included in the annual assurance statements

4. Each of these points has been addressed. In particular:

- Operational risk registers are uploaded onto Corvu and trend reporting will begin with quarter 4, 2011/12
- A detailed list of all internal reports was circulated to Assistant Directors during the compilation of assurance statements for the year ending 31/3/12 to ensure completeness in reporting internal audit comments in the assurance statements

Risk reports, quarter 4, 2011/12

5. A copy of the Strategic Risk Register is attached at Appendix A for ease of reference, together with the Direction of Travel report. These reports show the position as at the end of Quarter 4.

6. There have been no changes to the risk scores for this quarter, although when considering some of the comments regarding progress it is seems likely that some risk scores could be revised. Consideration should be given to this, in particular with regard to the following risks:

- I2 - 'Failure to manage health and safety'
- M4 - 'Failure to achieve efficiencies and improvements through alternative service delivery models'

7. Consideration is being given to a review of the Strategic Risk Register. It may be that some risks need to be reworded due to changing circumstances. Others may need to be deleted and new risks included to reflect the current threats and opportunities facing the Council. The table below provides a snapshot of the current position as at the end of Quarter

4 together with details of the actions to be taken and reported on in Quarter 1 2012/13.

Risk	Risk Rating	Actions for Q1 2012/13
F1 –Resource base affected by slow recovery from recession resulting in lack of funds to deliver in commitments and policies	4	Reword & Rescore
F2 – Lack of effective procurement and contract management	6	Rescore
F3 – Failure to achieve identified saving to ensure that the budget remains balanced	6	Rescore
F4 – Impact of failure to effectively plan for self financing	3	Delete as complete
I2 – Failure to effectively manage health and safety	8	Rescore
M1 – Failure to plan for change and growth in the Borough and to deliver required regeneration and restructure	9	Reword
M2 – Failure to shape services based on robust understanding of customer’s needs	4	Rescore
M4 – Failure to achieve efficiencies and improvements through alternative service delivery models	6	Reword/Delete
R1 – Failure to align political aspirations for service delivery with budget pressures	3	No Change
R2 – Failure to respond to the opportunities presented by the Localism Bill	8	No Change

8. Some of the risks do not have any Assurance Documents attached to them as yet. It has been requested that details of the links to such documents be forwarded to Linda Dargue who will then be able to upload them into CorVu. These documents are essential as they provide evidence as to the management of the individual risks and enable users of the risk registers, including scrutiny committee members, to follow up issues that they may be seeking to address.

9. The Operational Risk Registers were first included in CorVu reports with effect from Quarter 3. The table below shows any changes in the risk scores for the significant risks between quarters 3 and 4. Significant risks are those with a risk rating of 12 or more.

Risk	Resp Off	Q3	Q4
FR F04 – Under spends against budgets	SF	12	12
PDR F01 – Market fails to bring forward because of continuing economic uncertainty	JD	12	12
PDR F02 - External funding sources are reduced or disappear	JD	12	8
PDR F03 – Key income streams do not meet planning fees, building regulations and local land charges income budgets	JD	12	12

10. As with the Strategic Risk Register, there are a number of medium-rated operational risks where it may be possible to reduce the risk rating still further in view of the progress made during 2011/12. In addition there are some that are now no longer relevant; where the work has been successfully completed, these will be deleted. This is something that will be discussed at the next meeting of the Corporate Risk Group. Any changes will be reported in the Quarter 1 report.
11. Looking forward to 2012/13 the individual Operational Risk Registers will be presented to the relevant Overview and Scrutiny committee by the responsible Assistant Director. This will encourage increased awareness of risk to Members. The overall risk report will continue to be presented to Finance Resources Overview Scrutiny Committee and Cabinet.