



## AGENDA ITEM: 7

### SUMMARY

<b>Report for:</b>	<b>Resources Overview &amp; Scrutiny</b>
<b>Date of meeting:</b>	<b>30 January 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Risk Management Report Q3 2012/2013</b>
Contact:	Councillor Nick Tiley Portfolio Holder for Finance Resources Sally Marshall, Director Finance & Corporate Services Linda Dargue, Insurance & Risk Manager
Purpose of report:	(1) To provide the Q3 report on the Strategic Risk Register  (2) To provide the Q3 report on the Operational Risk Registers  (3) To advise that a review of the Strategic Risk register be undertaken in the light of the content of the Corporate Plan 2012 -2015
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:	<u>Financial</u>  None identified.
'Value For Money Implications'	<u>Value for Money</u> 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

	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 16 October 2012</p>

## BACKGROUND

1. The revised Strategic Risk register showing the position at the end of Q3 is attached at Appendix A for ease of reference. The table below shows a comparison of the risk scores from quarter 2 2012/13.

Risk	Q2 12/13	Q3 12/13
F1 –Resource base affected by slow recovery from recession resulting in lack of funds to deliver in commitments and policies	4	4
F2 – Lack of effective procurement and contract management	6	6
F3 – Failure to achieve identified savings to ensure that the budget remains balanced	4	4
I2 – Failure to effectively manage health and safety	4	4
M1 – Failure to plan for change and growth in the Borough and to deliver required regeneration and restructure	9	9
M2 – Failure to shape services based on robust	4	4

understanding of customer's needs		
R1 – Failure to align political aspirations for service delivery with budget pressures	3	3
R2 – Failure to respond to the opportunities presented by the Localism Bill	8	8

2. The recent review of the Corporate Plan provides an opportunity for the content of the Strategic Risk Register to be reviewed and where appropriate amended to reflect the current position. The changing environment, in which Local Authorities now find themselves, with increased emphasis on partnership working and new emerging models such as social enterprise, may give rise to increased risks and opportunities for the Council. Consideration needs to be given as where these risks and opportunities lie and the potential effect that these may have on the achievement of the Council's objectives. More importantly, where possible, steps need to be taken to put measures in place that will enable these risks to be effectively managed.
3. It is suggested that this work be carried out in conjunction with the V4 consultants, as this will provide an opportunity for a 'fresh set of eyes' to look at the Strategic Risk Register and various other projects that are currently underway. The outcomes from this work will be used as the foundations for the Quarter 4 report which will be considered in June.
4. The Operational Risk Registers were first included in CorVu reports with effect from Quarter 3 11/12. The table below provides a comparison of the risk scores of the medium and high risks between quarter 2 of 2012/2013 and quarter 3 of 2012/2013.

<b>Risk</b>	<b>Rasp Off</b>	<b>Q2</b>	<b>Q3</b>
FR F04 – Under spends against budgets	JD	9	16
FR F05 – Opportunity to generate additional income from commercial assets under localism agenda	JD	6	6
FR I02 – Failure to respond to opportunities presented by the Localism Bill and subsequent legislation	JD	6	3
FR R01 – Lack of understanding of financial management across the Council	JD	9	9
LD RF01- Lack of resources to be able to spend the appropriate time analysing 3 <sup>rd</sup> party expenditure	SB	6	3
LDRF02 – Lack of resources to be able to design and implement a Category Management approach to the Council's 3 <sup>rd</sup> party expenditure	SB	6	4
LDR M01 – Failure to reach our most vulnerable citizens	SB	6	3
LDR M02 – Failure of Council staff and Members to understand and embrace localism	SB	6	3
LDR M03 Failure to prepare policy and strategy around localism	SB	6	3
PDR F01 – Market fails to bring forward because of continuing economic uncertainty	J Doe	9	6
PDR F03 – Key income streams do not meet planning fees, building regulations and local land charges	J Doe	12	9

income budgets			
PDR R01 – Local Development Framework fails to meet milestones in Local Development Scheme	J Doe	9	6

5. There have been a number of changes in residual risk scores on the operational risk registers during quarter 3. In the main the risk scores have reduced, reflecting the completion of risk control measures. Assistant Directors will be able to provide a more detailed explanation as required of any changes within their respective areas when they present their performance and risk reports to the relevant overview and scrutiny committees.