



AGENDA ITEM:

SUMMARY

Report for:	Resources Overview & Scrutiny
Date of meeting:	30 October 2012
PART:	1
If Part II, reason:	

Title of report:	Risk Management Report Q2 2012/2013
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 Q2 report on the Strategic Risk Register (2) To provide the Q2 report on the Operational Risk Registers
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	Effective risk management is an important factor in all policymaking, planning and decision making. Failure to manage risk effectively could have serious consequences for the Council leading to increased costs, wasted resources, prosecution and criticism under external assessments
Equalities Implications	Not applicable
Health And Safety Implications	Not applicable
Consultees:	CMT
Background papers:	Risk Management working paper files Report to CMT 16 October 2012

BACKGROUND

1. The revised Strategic Risk register showing the position at the end of Q2 is attached at Appendix A for ease of reference. The table below shows the changes in risk scores from quarter 1 2012/13.

Risk	Q1 12/13	Q2 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 understanding of customer’s needs	4	4

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. Given the recent work on revisions to the Corporate Plan consideration should be given as to whether there are any other significant strategic risks that should be included within the Strategic Risk Register. These risks can either be threats; that is those things which may affect the achievement of corporate objectives. Alternatively a number of opportunity risks may present themselves.
3. Opportunity risks may be defined as the risk of missing chances to improve on achievement of objectives or delivery of services. Opportunity risk is the chance of something happening that will have a **positive** impact on objectives – the upside of risk. This means that risk also includes the potential for better than expected outcomes. An opportunity is likely to involve doing something new or working in a different way. Opportunity risk management is therefore the process of identifying and considering how to take full advantage of unplanned/unexpected options or benefits.
4. 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 between quarter 1 of 2012/2013 and quarter 2 of 2012/2013.

Risk	Resp Off	Q1	Q2
FR F05 – Opportunity to generate additional income from commercial assets under localism agenda	SF	4	6
FR I02 – Failure to respond to opportunities presented by the Localism Bill and subsequent legislation	SF	3	6
FR R01 – Lack of understanding of financial management across the Council	SF	4	9
PDR F01 – Market fails to bring forward because of continuing economic uncertainty	JD	12	9
PDR F03 – Key income streams do not meet planning fees, building regulations and local land charges income budgets	JD	12	12

5. The presentation of the Operational Risk Registers to the relevant Overview and Scrutiny Committees has been well received by Members.