



AGENDA ITEM: 7

SUMMARY

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| Report for: | Cabinet |
| Date of meeting: | 16 September 2014 |
| PART: | 1 |
| If Part II, reason: | |

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| Title of report: | Risk Management Report Quarter 1 2014/15 |
| Contact: | Councillor Nick Tiley, Portfolio Holder for Finance and Resources Martin Hone, Corporate Director Finance and Governance Linda Dargue, Insurance & Risk Manager |
| Purpose of report: | 1. To provide the Quarter 1 report on the Strategic Risk Register 2. To provide the Quarter 1 update on the Operational Risk Registers |
| Recommendations | That the content of this report is noted |
| 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 2013/14 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. |

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| | 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 | Equality Impact Assessment reviewed/carried out* *Not applicable |
| Health And Safety Implications | Not applicable |
| Monitoring Officer/S.151 Officer Comments | Monitoring Officer: The effective management of risk forms part of the overall governance of the Council. One of the key elements of risk management is to ensure that the strategic and operational risks are kept under review and updated at regular intervals. Deputy S.151 Officer: No further comments. |
| Consultees: | CMT ROSC |
| Background papers: | Risk Management working paper files Report to CMT circulated 18 August 2014 Report to ROSC 3 September 2014 |
| Glossary of acronyms and any other abbreviations used in this report: | |

BACKGROUND

1. The revised Strategic Risk register showing the position at the end of Q1 2014/15 is attached at Appendix A for ease of reference. The table below provides a comparison of the risk scores from the previous quarter.

| Risk | Q4 13/14 | Q1 14/15 |
|------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| 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 |
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| F5 Risk of collapse from chalk mine activity following subsidence at 1 Meadow Road | 9 | 9 |
| I2 – Failure to effectively manage health and safety | 4 | 4 |
| M1 – Failure to deliver required regeneration and economic growth | 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 |
| R3 – Disclosure of personal data in breach of the Data Protection Act | 8 | 8 |

2. The following table shows those operational risks where the risk score has changed since Quarter 4.

| Risk | Resp Off | Q4 13/14 | Q1 14/15 |
|-------------------------------------------------------------------------------------|----------|----------|----------|
| FRF03 Variances in General Fund revenue budget | J De | 8 | 6 |
| CE_R12 Redundancy costs of transferred staff borne by DBC in first year of contract | SF | 4 | - |

Risk CE_R12 has been closed as redundancy costs in first year of the Northgate contract were well within the estimate of costs completed during tender evaluations.

3. At its meeting on 22 July 2014 , Cabinet agreed a revised approach to developing and managing the Strategic Risk Register, to ensure that:

- 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 the known risks
- The SRR is jointly ‘owned’ by the executive (Cabinet) and senior management (CMT)
- It shows clearly how corporate risk management supports the Council’s change agenda (e.g. an agreed approach to dealing with risks from Cabinet, OSC’S 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 or risk reduction/mitigation).

4. A revised strategic risk and opportunity register will be presented to Cabinet in October. Provided this is agreed future update reports to Cabinet and Overview and Scrutiny Committees will be based on the revised risk register.