



## AGENDA ITEM: 7

### SUMMARY

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| <b>Report for:</b>      | <b>Resources Overview &amp; Scrutiny Committee</b> |
| <b>Date of meeting:</b> | <b>5 November 2014</b>                             |
| <b>PART:</b>            | <b>1</b>   |
| If Part II, reason:     |  |

|                                       |  |
|---------------------------------------|--|
| <b>Title of report:</b>               | <b>Risk Management Report Quarter 2 2014/15</b>  |
| <b>Contact:</b>                       | Councillor Nick Tiley, Portfolio Holder for Finance Resources<br>James Deane , Assistant Director ( Finance & Resources)<br>Linda Dargue, Insurance & Risk Manager   |
| <b>Purpose of report:</b>             | <ol style="list-style-type: none"> <li>1. To provide the Quarter 2 update on the Strategic Risk Register</li> <li>2. To provide the Quarter2 update on the Operational Risk Registers</li> </ol>   |
| <b>Recommendations</b>                | 1. That the content of this report is noted and recommended to Cabinet for approval together with any associated comments.   |
| <b>Corporate objectives:</b>          | Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives   |
| <b>Implications:</b>                  | <u>Financial</u><br><br>None identified.   |
| <b>'Value For Money Implications'</b> | <u>Value for Money</u><br>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 2012/13 have ensured that the minimum balance requirements will also be met for the next financial year. |

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|--|---|
| 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  | <p>Equality Impact Assessment reviewed/carried out*</p> <p>Not applicable</p>   |
| Health And Safety Implications   | Not applicable  |
| Consultees:  | CMT   |
| Background papers:   | <p>Risk Management working paper files</p> <p>Report to CMT – circulated electronically 21 October</p>  |
| Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i> | Not applicable  |
| 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 Q2 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   | Q1 14/15 | Q2 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        |

|   | <b>Q1 14/15</b> | <b>Q2 14/15</b> |
|---|-----------------|-----------------|
| F5 – Risk of extensive damage to property arising from adverse weather conditions and /or unstable ground within the Dacorum area | 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 there has been a change in the risk score since quarter1.

|                                      | <b>Q1 14/15</b> | <b>Q2 14/15</b> |
|--------------------------------------|-----------------|-----------------|
| FR_F02 – Delays to Capital Programme | 8               | 4               |

3. At Audit Committee on 30 September members expressed the view that it was not always clear exactly how the controls listed in the 'Current Controls' section reduced the Inherent Risk Score; this has the effect of making the registers lack credibility in some cases. For the future Members requested that Assistant Directors explain the reason for the reduced score more explicitly.
4. A report on updates to the Strategic Risk & Opportunity Register was presented to Cabinet on 21 October 2014. This report recommends changes to governance arrangements for risk for 15/16 together with amendments to the Strategic Risk & Opportunity Register for the remainder of 14/15.