

HERTFORDSHIRE COUNTY COUNCIL

**AUDIT COMMITTEE
TUESDAY 21 JUNE 10.00AM**

RISK MANAGEMENT UPDATE REPORT

**Agenda
item no:**

2

Report of the Head of Assurance

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Purpose of Report

1.1. This report is a regular item on Risk Management activity over the last quarter as requested by the Audit Committee.

Summary

1.2. The following items are included in this report:

- A summary of the corporate risk register
- A summary of risk movements

1.3. Corporate risk appendices accompany this report:

- A risk movement report at Appendix A details movements of current risk scores in the last quarter.
- A risk status report at Appendix B summarises the latest risk scores and risk scores at each of the last 3 Audit Committee meetings.
- A list of risks considered as part of the risk focus reports can be found at Appendix C
- The organisational risk matrix is included in Annex A to this paper.

Recommendations

- That the Risk Management update report be noted.
- That the Committee identifies a risk (or risks) to be reviewed at its next meeting in September 2016.

Corporate Risk Register

1.4. The latest review of the corporate risk register took place during April/May 2016.

The table below shows the risk movements broken down by risk classification. The movements detailed are a continuation from the previous report dated March 2016.

	2015/16 Quarter 1	2015/16 Quarter 2	2015/16 Quarter 3	2015/16 Quarter 4	2016/17 Quarter 1
Red	8 (-1)	9 (+1)	9	10 (+1)	11 (+1)
Amber	22 (+1)	23 (+1)	25 (+2)	24 (-1)	25 (+1)
Yellow	4 (-1)	3 (-1)	2 (-1)	1 (-1)	0 (-1)
Green					
Total	34	35	36	35	36
Difference +/-	-1	+1	+1	-1	+1

* The final quarter (highlighted in grey) is the current quarter and details movements to date. No change in absolute numbers may hide movement in and out. These will be outlined in the following section

The quarterly variations and changes to risk categories are indications of the continued active management and scrutiny of risks and controls. These movements also include newly identified risks which is a further indication of the continued activity around identifying future areas of risk and uncertainty.

Current position and key movements since March 2016 Audit Committee

- 1.5. There are now 11 red (severe) risks. This is an increase of one from the last quarter. One has a score of 48 and one new risk has a score of 40.
- a) During unplanned incidents, such as terrorist activity, civil disturbance or large scale wide area flooding, or periods of industrial action, there is a risk that HFRS have insufficient resources to cope which may result in an over-reliance on regional or national resources or significantly reduced fire cover (HFRS0007, Appendix A, Page 1). Score of 48
 - Reviewed by Audit Committee on 23 March 2016
 - b) Due to the threat of an increasing number of tree pests and diseases, in particular the imminent threat from Ash Dieback, there is a risk of a significant number of trees being affected which may result in significant unplanned costs, potential dangers to the public and/or service users, impacts on the landscape and loss of biodiversity. (ENV0142, Appendix A, Page 3). Score of 40
- 1.6. There are now nine red risks with a score of 32, the lowest score for a red risk.
- a) If we fail to retain, attract and recruit the right people and right skills and maintain staff engagement at all levels, there may be a significant impact on service delivery and major cost implications. (CSCE0007, Appendix A, Page 7)
 - Reviewed by Audit Committee 21 November 2013

- b) As a result of changes to the way in which development contributions will be collected from new developments through use of Community Infrastructure Levy (CIL) and Section 106 contributions, and the delay in introduction of the new arrangements across all district authorities there is a risk that there may be insufficient money to support infrastructure needs derived from new housing developments etc. (CSCE0023, Appendix A, Page 9)
- Reviewed by Audit Committee 20 November 2014
- c) In the event of inappropriate care or attention there is a risk that a child or young person could die or be seriously injured. (CSF0055, Appendix A, Page 11)
- Reviewed by Audit Committee 30 June 2011 and 22 March 2013
- d) There is a risk that HCC's pension fund level will not improve sufficiently to cover accrued pension costs because of economic conditions, poor investment or ineffective governance. (CSHF0002, Appendix A, Page 12)
- e) Inability to attract an increased number of careworkers in line with the Health and Community Services Workforce Strategy leading to non-compliance with the Care Act 2014 duties and customer dissatisfaction. (HCS0010, Appendix A, Page 13)
- f) Due to national NHS commissioning changes from May 2015 there may be structural changes to NHS commissioning, leading to financial uncertainty for jointly commissioned projects including the Better Care Fund within Hertfordshire County Council. (HCS0012, Appendix A, Page 14).
- g) In the event of the quality of care from internal and external HCS care providers becoming inadequate, resulting in the death or severe abuse of a client. (HCSCP0001, Appendix A, Page 15)
- Reviewed by Audit Committee on 28 March 2013
- h) As a result of the 2014 Supreme Court ruling around Deprivation of Liberty Safeguards (DOLS) there is a risk that an inability to conduct best interest assessments within legal timeframes could lead to unlawful detention of people and potential legal and compensation challenges to HCC. (HCSMH0002, Appendix A, Page 16)
- Reviewed by Audit Committee 16 September 2014
- i) Due to increased demands from the NHS for assistance discharging patients from hospital, (this includes new groups of patients not previously referred to social care and admission avoidance), there is a risk of delays in discharging some patients requiring HCC input, which may result in financial and reputational consequences. (HCSOPD0001, Appendix A, Page 17)

Changes within the Corporate Risk Register

New risks

- 6.1 ENV0142 (Appendix A, Page 3) New Risk - "Due to the threat of an increasing number of tree pests and diseases, in particular the imminent threat from Ash Dieback, there is a risk of a significant number of trees being affected which may result in significant unplanned costs, potential dangers to the public and/or service users, impacts on the landscape and loss of biodiversity."

A report to Resources and Performance Cabinet Panel (July 2015) introduced tree health issues and the potential implications to HCC. Members noted that tree pests and diseases currently in the UK had the potential to affect an increasing range of native trees in urban parks, streets and gardens, woodlands, highways, schools, nature reserves, hedgerows and the wider landscape. Two of these, Chalara Ash Dieback and Oak Processionary Moth (OPM), posed an imminent threat and had the potential to impact on the future of trees and woodlands in the County with significant cost implications for individuals, landowners and local authorities.

There is currently no way to effectively stop the spread or treat/cure Ash Dieback, and it is already present in the County, so the likelihood is almost certain. However a number of controls have been identified and some budget provision made for them. These, including advice and guidance to partners, schools and landowners are starting to be put in place to reduce the impact of this risk, which is currently seen as high. The current score is therefore red 40 (severe).

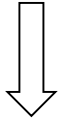
Escalated risks

- 6.2 HCSOPD0001 (Appendix A, Page 17) "Due to increased demands from the NHS for assistance discharging patients from hospital, (this includes new groups of patients not previously referred to social care and admission avoidance), there is a risk of delays in discharging some patients requiring HCC input, which may result in financial and reputational consequences."

Performance of NHS acute trust and shortage of care in Hertfordshire is leading to higher numbers of discharges across the county requiring HCC input. Due to the high public profile of delayed discharges (also known as bed blocking) the probability has been increased to 'likely' and the risk has been escalated from a Service risk to a Corporate risk. The overall risk score is red 32 (severe).

Risk Score Movements

- 6.3 HCS0012 (Appendix A, Page14) – “ Due to national NHS commissioning changes from May 2015 there may be structural changes to NHS commissioning, leading to financial uncertainty for jointly commissioned projects including the Better Care Fund within Hertfordshire County Council.

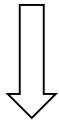


The NHS confirmed that £10 million provided to protect Adult Social Care will be honoured in 2016/17. The CCGs have now confirmed in writing their intention to protect Adult Social Care by a further £8.5 million in 2016/17, the impact score has therefore been reduced to ‘high’. The overall score has therefore been reduced from red 64 (severe) to red 32 (severe).



- 6.4 ENV0104 (Appendix A, Page 26) – “In the event of the Residual Waste Treatment Programme being impacted by one or more of the following scenarios:

- Revised Project Plan does not proceed or is delayed
- Unable to secure suitable alternatives for waste disposal should the contract with VES be terminated. It may result in - Increased costs to HCC.”



Cabinet on the 14th March 2016 decided to accept the Revised Project Plan (RPP) in principle. Veolia will now begin work on a planning application for the Hoddesdon site. As a result the overall risk score has been reduced from red 32 (severe) to amber 24 (significant) due to the probability being reduced to “possible” following RPP acceptance. The impact score remains “high” due to the project’s high profile nature and value.



De-escalated and withdrawn risks

- 6.6 TEC0012 De-escalated risk -”In the event of failing to retain our annual Public Services Network (PSN) accreditation HCC will be unable to share data with central Government and other partners through IT systems. This would result in inability to deliver some business functions particularly in the adult and children’s services area.”

This process of PSN re accreditation is now established as an annual process and as a result of discussion at Resources Board 18 May 2016, it has been de-escalated to a service risk.

Highlight of risks that are rare but may have very high impacts

It is good practice to consider these risks, which otherwise, due to their relatively low risk score, may not be subject to scrutiny.

There are 3 risks on the corporate risk register in this category, which score amber 16 (significant).

- a) CPRES0001 (Appendix A, Page 33) - In the event of a failure of the Local Resilience Forum to provide adequate inter-agency plans which correctly identify the capabilities required to deal with a major emergency in Hertfordshire, there is a risk that Hertfordshire's multi-agency response may not be fully effective.
- Reviewed by Audit Committee 24 November 2011 and 23 September 2015
- b) CPRES0002 (Appendix A, Page 34) – In the event of a failure to prepare adequate Corporate and departmental generic BCP plans, there is a risk that should a major incident take place (to building, technology & people) there may be insufficient back up arrangements in place, which could result in a higher level of disruption than anticipated causing increased disruption to key resources.
- Reviewed by Audit Committee 24 November 2011 and 23 September 2015
- c) PHD0014 (Appendix A, Page 41) - In the event of a Health Protection emergency such as a communicable disease epidemic, radiological, chemical or biological agent exposure, or extreme weather conditions, there is a risk that the authority may be unable to meet its statutory duty to adequately assure multi-agency health protection arrangements and as a result there are high rates of morbidity or mortality of Hertfordshire residents.
- Reviewed by Audit Committee 21 June 2016

Next Steps

Challenges and recommendations from Audit Committee will be considered by the relevant risk owners/Services. Action taken as a result will update the corporate risk register and be reported to the appropriate cycle of risk review meetings.

Risk Matrix – The following chart shows where, and what category/colour the risk will fall in dependent on the scores. Red being the most severe and green being the least.

The scores within the chart are multiples of the likelihood and impact, e.g. (*Likelihood of*) 4 x (*Impact of*) 8 = (*Risk Score of*) 32

Assessing Impacts

Impact Score	Impact Title	Example description
1	Negligible	Annoyance but does not disrupt service: Minor injury to an individual; Financial loss under £50k; Isolated service user complaints contained within unit/section; Litigation claim or fine less than £50k; Failure to achieve a core team plan objective
2	Low	Minor impact on service; Minor injuries to several people; Financial losses between £50k-100k; Isolated service user complaints contained within department; Litigation claim or fine between £50k -100k; Failure to achieve several team plan objectives including a core objective
4	Medium	Service disruption; Major injury to an individual; Financial losses between £100k-1 Million; Adverse local media coverage. Lots of service user complaints; Litigation claims or fine between £100k - £1Million; Failure to achieve one or more strategic plan objective
8	High	Significant service disruption; major/disabling injury to employee, service user or other stakeholder; financial losses between £1Million-£5Million; adverse national media coverage; litigation claim or fine between £1Million-£5Million; Failure to achieve one or more strategic objective
16	Very High	Total service loss for a significant period; fatality to employee, service user or other stakeholder; financial loss in excess of £5 Million; National publicity more than 3 days. Possible resignation of leading member or chief officer; Multiple civil or criminal suits. Litigation claim or fine above £5 Million; Failure to achieve a major corporate objective in the Corporate Plan

Severe	The Board feels most concerned about carrying this risk. The consequences will have a severe impact on the delivery of a key priority and comprehensive management action is required immediately.
Significant	The Board feels concerned about carrying this risk. The consequences of the risk materialising would be significant, but not severe. Some immediate action is required plus the development of an appropriate action plan.
Material	The Board is uneasy about carrying this risk. Consequences of the risk are not significant and can be managed through contingency plans. Action plans can be developed later to address the risk.
Manageable	The Board is content to carry this risk. Consequences of the risk are considered relatively unimportant. The status of the risk should be reviewed periodically.

Assessing Likelihood

Scale	Description	Likelihood of Occurrence
1	Rare	<ul style="list-style-type: none"> Extremely unlikely or virtually impossible Less than 5% chance of happening Unlikely to occur in a 50 year period
2	Unlikely	<ul style="list-style-type: none"> Could occur at some point 6% to 20% chance of happening Unlikely to occur within a 10 year period
3	Possible	<ul style="list-style-type: none"> Fairly likely to occur 21% to 50% chance of happening Likely to occur once within a 10 year period
4	Likely	<ul style="list-style-type: none"> Will probably occur in most circumstances 51% to 80% chance of happening Likely to occur once within a one year period
5	Almost certain	<ul style="list-style-type: none"> Expected to occur in most circumstances More than 80% chance of happening Likely to occur within 3 months

Likelihood

Impacts

	Negligible (1)	Low (2)	Medium (4)	High (8)	Very High (16)
Almost certain (5)	5	10	20	40	80
Likely (4)	4	8	16	32	64
Possible (3)	3	6	12	24	48
Unlikely (2)	2	4	8	16	32
Rare (1)	1	2	4	8	16