

HERTFORDSHIRE COUNTY COUNCIL
AUDIT COMMITTEE
WEDNESDAY, 30 NOVEMBER 10.15 AM
RISK MANAGEMENT UPDATE REPORT

Agenda
item no:

6

Report of the Head of Assurance

Author: Fiona Timms, Risk & Insurance Manager (Tel: 01438 843565)

Executive Member: Chris Hayward, Resources and Performance

1. Purpose of Report

1.1. This report is a regular item on Risk Management activity over the last quarter. The Audit Committee's Terms of Reference state it is to "advise the Executive on relevant audit matters, including: (a) the risk management system and risk related issues".

2. Summary

2.1 The following items are included in this report:

- A summary of Corporate risk movements
- A summary of new risks
- A heat map of the 35 Corporate Risks. This also displays amendments since the September Audit Committee meeting (1 reduced and 1 new risk.)
- A linked icon to the full Corporate Risk Register.

2.2 Corporate risk appendices accompany this report:

- A risk movement report at Appendix A details those risks with changed assessments 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.

3. 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 March 2017.

4. Corporate Risk Register

4.1 The latest review of the corporate risk register took place during October 2016. See section 6 for a linked icon to the full Corporate Risk Register.

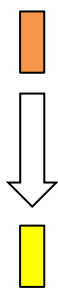
The table below shows the risk movements broken down by risk classification. The movements detailed are a continuation from the previous report dated September 2016.

	Change in assessment from previous quarter
Red	13
Amber	21
Yellow	1 (+1)
Green	
Total	35
Difference +/-	+1

5. Key movements and new risk since September 2016 Audit Committee

5.1 There are 13 red (severe) risks. One previously amber risk has a reduced likelihood (see 5.2) and there is one new amber (significant) risk recorded (see 5.3).

5.2 ENV0030 (Appendix A, Page 1) – “In the event of a failure in road inspection and / or fault reporting procedures, there is a risk that the condition of our roads falls below expected standards, which results in injury to citizens and / or successful claims against HCC.



The likelihood has reduced from unlikely to rare as a result of the service's partnership with Ringway to ensure that work is carried out robustly and, thus, the target frame for repair of defects are being achieved. Additionally, an audit of inspections showed no significant issues. The current score has therefore reduced from amber 16 (significant) to yellow 8 (material).

5.3 New Risk PROP0021 (Appendix A, Page 2) – “In the event that the review of how HCC disposes of its surplus land and property assets determines that HCC should develop these sites and assets itself or through joint venture arrangements, there is a risk that such a change to the disposal policy may slow the delivery of the current £20m per annum receipt value in the current Integrated Plan”.

This is a new Corporate risk relating to the potential financial impact on the current financial strategy if we proceed with a Venture Partner. The current score is amber 12 (significant).

6. Risk heat map

6.1 The following heat map illustrates the assessment of the Councils' Corporate risks in relation to each other. A linked icon to the full Corporate Risk Register is attached here.



Full Corporate Risk Register Movement r

Heat Map (Matrix) of Corporate Risks (35 risks) at 08 November 2016

Probability	Almost Certain				E01	
	Likely			R08	HC01 R01 HC02 R02 HC04 E02 HC05	
	Possible			R07 R13 R16 (new)	CS02 R04 CP02 R05 CP03 R06 HC06 R15	CP01 HC07
	Unlikely				CP06 R11 E04 R12 R09 R10	CS01 HC03 R03
	Rare				E03 ↓	CP04 CP05 PH01
	Negligible	Low	Medium	High	Very High	
	Impact					

Each corporate risk has been allocated a simple risk number prefixed by appropriate letters to denote the Department owning the risk.

- R = Resources
- CP = Community Protection
- CS = Children's Services
- PH = Public Health
- HC = Health and Community Services
- E = Environment

The following are brief descriptions for the risks in the matrix together with dates when risk focus reports were considered:

No. and Score	Brief Risk Description	Risk Owner	Risk Ref	Date of Risk Focus Report
HC07 48	Failure of care providers	Frances Heathcote Assistant Director Health and Community Commissioning	HCSOPD0006	29/09/2011 28/03/2013
CP01 48	Unplanned incidents	Ian Parkhouse Assistant Chief Fire Officer - Response and Resilience	HFRS0007	22/11/2012 23/03/2016
E01 40	Tree Health	Simon Aries Assistant Director - Transport, Waste & Environmental Management	ENV0142	30/11/2016
R01 32	Failure to retain, attract and recruit the right people and right skills	Sally Hopper Assistant Director, Human Resources	HR0021	21/11/2013
R02 32	Insufficient money to support infrastructure needs derived from new housing developments etc. (CIL/S106)	Angela Bucksey Assistant Director - Property	PROP0022	20/11/2014
CS01 32	A child or young person could die	Jenny Coles Director of Children's Services	CSF0055	30/06/2011 29/03/2014
R03 32	HCC's pension fund level may not improve sufficiently to cover accrued pension costs	Claire Cook Assistant Director Finance	CSHF0002	
E02 32	Residual Waste Treatment Programme	Simon Aries Assistant Director - Transport, Waste & Environmental Management	ENV0104	
HC01 32	Attraction of care-workers - Care Act 2014 non-compliance	Iain MacBeath Director of Health and Community Services	HCS0010	23/09/2016
HC02 32	NHS commissioning	Iain MacBeath Director of Health and Community Services	HCS0012	23/09/2016
HC03 32	Inadequate care leads to death or abuse of client	Frances Heathcote Assistant Director Health and Community Commissioning	HCSCP0001	29/09/2011 28/03/2013
HC04 32	DOLS - Deprivation of Liberty Safeguards	Sue Darker Operations Director, Learning Disabilities and Mental Health	HCSMH0002	16/06/2014

No. and Score	Brief Risk Description	Risk Owner	Risk Ref	Date of Risk Focus Report
HC05 32	Discharging patients from hospital - bed blocking	Iain MacBeath Director of Health and Community Services	HCSOPD0001	23/09/2016
CP02 24	Radicalisation - Prevent	Darryl Keen Deputy Chief Fire Officer	CP0004	
CP03 24	Extreme Weather	Ian Parkhouse Assistant Chief Fire Officer - Response and Resilience	CPRES0009	
R04 24	Failure to develop sufficient timely proposals to deal with the ongoing reductions in funding/resources and subsequent impact on services/reserves.	Claire Cook Assistant Director Finance	CSHF0015	
R05 24	Insufficient skills in commissioning / contract management and competencies	Stuart Bannerman Campbell Assistant Director - Improvement and Technology	IMP0002	
CS02 24	School's expansion programme costs	Simon Newland Assistant Director (Education Provision & Access)	CSF0070	25/11/2015
R06 24	Reduction in government and external funding	Claire Cook Assistant Director Finance	CSHF0005	
HC06 24	Better Care Fund - BCF	Jamie Sutterby Assistant Director, Health Integration (E&NH)	HCS0011	
R07 24	Failure to train employees to required standards	Sally Hopper Assistant Director, Human Resources	HR0018	
R08 16	The Council experiences significant fraud	Terry Barnett Head of Assurance	AUDIT0001	20/06/2012
CP04 16	Failure of Local Resilience Forum - LRF - inadequate inter agency plans	Ian Parkhouse Assistant Chief Fire Officer - Response and Resilience	CPRES0001	24/11/2011 23/09/2015
CP05 16	HCC business continuity plans - BCP	Ian Parkhouse Assistant Chief Fire Officer - Response and Resilience	CPRES0002	24/11/2011 23/09/2015
R09 16	Failure to comply with Safe Staffing legislation	Sally Hopper Assistant Director, Human Resources	HR0022	

No. and Score	Brief Risk Description	Risk Owner	Risk Ref	Date of Risk Focus Report
E04 16	Road maintenance investment	Rob Smith Deputy Director Environment	ENV0033	
CP06 16	HFRS meeting national training requirements	Chris Bigland Fire and Rescue Assistant Chief Officer - Service Support	HFRS0004	
R10 16	Industrial action	Sally Hopper Assistant Director, Human Resources	HR0017	
PH01 16	Health Protection emergency	Joel Bonnet Deputy Director of Public Health	PHD0014	21/06/2016
R11 16	The sale of assets may not provide the level of capital receipts to meet the target	Angela Bucksey Assistant Director - Property	PROP0020	
R12 16	Cyber-attack on HCC's ICT	Dave Mansfield Head of Technology	TEC0004	
R13 12	Loss/inappropriate acquisition/disclosure of sensitive personal or commercial data	Stuart Bannerman Campbell Assistant Director - Improvement and Technology	IMP0001	
R15 12	Land owned by the Council and no longer required for the purpose for which it was bought may not have an active management regime in place	Angela Bucksey Assistant Director - Property	PROP0018	
R16 12 (new)	Potential Venture Partner arrangements	Angela Bucksey Assistant Director - Property	PROP0021	
E03 8 ↓	Condition of our roads	Rob Smith Deputy Director Environment	ENV0030	20/09/2013

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

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

Likelihood