

WELWYN HATFIELD BOROUGH COUNCIL
AUDIT COMMITTEE – 23TH OCTOBER 2017
REPORT OF THE EXECUTIVE DIRECTOR (PUBLIC PROTECTION, PLANNING AND GOVERNANCE)

RISK MANAGEMENT

1 Executive Summary

- 1.1 This report brings to Members' attention the current strategic risks facing the Council, as determined by Executive Board. These risks have been reviewed at the performance clinic in August 2017 and reflect the assessments in place for the half year April to October 2017.

2 Recommendation(s)

- 2.1 Members are asked to:
- Note the attached current Strategic Risk Register, and particularly:
 - Note comments in respect of each risk where shown.

3 Explanation

- 3.1 Appendix A shows the strategic risk register, which was developed following an Executive Board workshop in January 2017. Each strategic risk has ownership by an Executive Director and an Executive Member. The strategic risk register has been fully reviewed by Executive Board and is a new register which reflects the integration of the Housing Trust and other organisational changes. As many of the risks have changed since previous iterations, there are no previous half year assessments, just the current half year score.
- 3.2 Appendix B shows the top operational risks, which now include those from the Housing Service.
- 3.3 The implementation of the new 'Clearview' project management, performance and risk system is progressing and the implementation team have received training. Further training for managers is imminent and the development of the risk module will commence in October.
- 3.4 The implementation of Clearview presents the opportunity for a full review of risk registers, and the intention is to review and revise operational risk registers, stripping out any expired risks. We will also be changing the way our risks are scored, so Members will see a very different range of scores once this is introduced. We currently use a straight multiple of impact x likelihood, meaning that a score will range from 1 to 25. This presents a practical problem, in that it does not enable any weighting to be given to impact. For example:
- A paper cut is highly likely, but of minimal impact, so would score $5 \times 1 = 5$
 - Destruction of our offices by fire is highly unlikely, but clearly would be catastrophic, so would score $5 \times 1 = 5$.

These two examples both score 5, yet clearly we would wish to devote our risk management activity towards fire prevention.

- 3.5 The intention is to move to impact² x likelihood, which helps us focus on what is important. In the examples above, this methodology would give:
- Paper cut: 5 x 1 = 5
 - Destruction of the building: 1 x 5² = 25
- 3.6 This new scoring approach is targeted for introduction from quarter 3 and will give far greater insight into our risks.

Implications

4 Legal Implication(s)

- 4.1 The Accounts and Audit Regulations 2015 require that “[a] relevant authority must ensure that it has a sound system of internal control which [among other matters] includes effective arrangements for the management of risk.”

5 Financial Implication(s)

There are none directly arising from this report, though of course any risk event may have its own financial consequences.

6 Risk Management Implications

- 6.1 Failing to maintain adequate and effective arrangements for the management of risk may lead to risk events not being foreseen, an inadequate response to a risk event occurring and a failure to exploit opportunities.

7 Security & Terrorism Implication(s)

- 7.1 None.

8 Procurement Implication(s)

- 8.1 None.

9 Climate Change Implication(s)

- 9.1 None.

10 Link to Corporate Priorities

- 10.1 The subject of this report supports all council priorities in that the effective management of risk is essential to the achievement of objectives.

11 Equality and Diversity

- 11.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the proposals that are set out in this report as it relates purely to monitoring information.

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Appendix A – Strategic Risk Register August 2017

Appendix B – Top operational risks August 2017