

WELWYN HATFIELD BOROUGH COUNCIL  
AUDIT COMMITTEE – 18 MARCH 2024  
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE & TRANSFORMATION)

RISK MANAGEMENT – QUARTER 3 RISK REGISTERS

**1 Executive Summary**

- 1.1 This report presents to the committee, the current identified strategic risks facing the Council, and those operational risks assessed as having a residual risk level of serious or severe (those with a score of 10 or more). The report is an assessment of risk as at 31 December 2023.
- 1.2 These risks were considered at the Cabinet meeting of 6 February 2024.
- 1.3 A new risk management policy, strategy and framework was approved towards the end of 2022/23, for adoption from 1 April 2023.
- 1.4 This included a new approach to scoring of risks, enabling the council to capture and report on both the inherent risk (before control measures are in place) and the residual risk (after control measures are put in place). This allows members to understand how the control measures in place impact on the risk, and whether the residual risk is at an acceptable level, or whether more should be done to reduce the risk.
- 1.5 This report presents the risks under this framework. Narrative is provided by the risk manager, shown against each risk individually.
- 1.6 The quarter 2 reports did not come to the previous committee meeting, at which a verbal update was provided on the risk register and changes in the risk register. The quarter 2 registers are included in appendices C and D for reference.

**2 Recommendation**

- 2.1 Cabinet are asked to:
  - note the attached risk registers at quarter 3;
  - note comments and actions in respect of the strategic and serious/severe operational risks.
  - make recommendations to Cabinet or Council in relation the management of risk.

**3 Explanation**

- 3.1 The risk framework sets out that all strategic risks will be reported to members on a quarterly basis. Operational risks are reported where the residual risk is considered to be serious or severe.
- 3.2 The level of risk is assessed based on the likelihood of the risk occurring, and the impact if the risk were to occur. Based on the assessment of these two factors, an overall score is determined, and a risk category assigned:

| Risk Level | Acceptable | Manageable | Serious | Severe |
|------------|------------|------------|---------|--------|
| Score      | 0-3        | 4-9        | 10-14   | 15-25  |

- 3.3 The strategic risks are contained in Appendix A. The operational risks with a residual assessment of serious or severe, are contained in Appendix B.
- 3.4 The tables below, summarise the number of strategic and operational risks, based on residual risk score.




**Strategic**

|             |   |        |   |   |   |   |
|-------------|---|--------|---|---|---|---|
| Probability | 5 | 0      | 0 | 0 | 0 | 0 |
|             | 4 | 0      | 0 | 2 | 0 | 2 |
|             | 3 | 0      | 0 | 1 | 2 | 3 |
|             | 2 | 0      | 2 | 7 | 1 | 3 |
|             | 1 | 0      | 0 | 0 | 1 | 0 |
|             |   | 1      | 2 | 3 | 4 | 5 |
|             |   | Impact |   |   |   |   |

**Operational**

|             |   |        |    |    |   |   |
|-------------|---|--------|----|----|---|---|
| Probability | 5 | 1      | 0  | 0  | 1 | 0 |
|             | 4 | 3      | 3  | 3  | 1 | 0 |
|             | 3 | 3      | 7  | 10 | 4 | 4 |
|             | 2 | 6      | 12 | 17 | 4 | 6 |
|             | 1 | 3      | 6  | 7  | 6 | 3 |
|             |   | 1      | 2  | 3  | 4 | 5 |
|             |   | Impact |    |    |   |   |

- 3.5 Contained within the appendices, is a comparison of how each individual risk to the previous reporting period. This will assist members with identifying how a risk may have increased or decreased between periods, and narrative will be provided to assist in understanding what has led to this change in assessment.
- 3.6 The following traffic light system applies to each of the comparisons to the previous inherent and residual score elements: probability; impact; and, total score.

| Residual risk direction | Decreased assessment  | Same as previous period   | Increased assessment  |
|-------------------------|---|---|---|
| Indicator               |  |  |  |

- 3.7 Additional information is also shown in the appendices, such as the date the risk was last updated, to provide assurance to members that risks are regularly reviewed, and comparison to the previous residual risk scores to demonstrate how risks have changed between periods.
- 3.8 The quarter 2 reports did not come to the previous committee meeting, at which a verbal update was provided on the risk register and changes in the risk register. The quarter 2 registers are included in appendices C and D for reference.

**4 Legal Implications**

- 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.”
- 4.2 Failure to adequately manage risk may lead to consequences of legal challenge, which will be outlined in risk descriptions.

**5 Financial Implications**

- 5.1 There are none directly arising from this report. Any risk event may have its own financial consequences, which will be highlighted in the risk description, and controls in place may have financial implications.

**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 and Terrorism Implications**

- 7.1 There are none directly arising from this report, though of course any risk event may have security and terrorism implications.

**8 Procurement Implications**

- 8.1 There are none directly arising from this report, though of course any risk event may have procurement implications.

## **9 Climate Change Implications**

9.1 There are none directly arising from this report, though of course any risk event may have climate change implications.

## **10 Health and Wellbeing Implications**

10.1 There are none directly arising from this report, though of course any risk event may have health and safety implications.

## **11 Communication and Engagement Implications**

11.1 There are none directly arising from this report, though of course any risk event may have communication and engagement implications.

## **12 Link to Corporate Priorities**

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

## **13 Equality and Diversity**

13.1 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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### **Associated documents:**

**Risk Policy and Strategy:** <https://democracy.welhat.gov.uk/documents/s20219/8%20-%20Risk%20Management%20Policy%20and%20Strategy.pdf>

**Risk Framework:** <https://democracy.welhat.gov.uk/documents/s20220/8%20-%20Risk%20Management%20Framework.pdf>

### **Appendices:**

**Appendix A** – Strategic Risk Register

**Appendix B** – Operational Risk Register (serious and severe)

**Appendix C** – Strategic Risk Register – Quarter 2

**Appendix D – Operational Risk Register (serious and severe) – Quarter 2**