

**HERTFORDSHIRE COUNTY COUNCIL**

**AUDIT COMMITTEE  
THURSDAY 12 DECEMBER 2002 AT 10.00AM**

Agenda item No.

**4**

**RISK MANAGEMENT - OUTCOMES OF RECENT MEMBER WORKSHOP**

*Report of the Head of Risk Management*

Author: Paul Dudley (Tel: 01992 555532)

**1. Introduction**

The Audit Committee, at their meeting on 20 June 2002, requested that the District Auditor facilitate a risk management workshop, to which all members would be invited. The purpose of this would be to examine the process for identifying the significant risks that could impact on the achievement of the County Council's objectives.

That workshop duly took place on 30 September and this report outlines the main outcomes, together with an examination of the risk identification process.

**2. The Workshop**

Nineteen members attended the workshop, along with representatives from the District Audit Service and the County Council's Head of Risk Management.

Members were introduced to the concept and benefits of risk management, and the current arrangements for identifying key risks, and its importance in terms of corporate governance, comprehensive performance assessment, and informing the audit plans for the District Audit service. Members were then invited to consider what significant hurdles/barriers (i.e. risks) might impact on the achievement of the key service objectives of the County Council.

During the discussion it became clear that such risks can come from many sources, including changes in government policy, new legislation or regulation, policies, changes in technology and natural events such as flooding. All these things impact on the way services are delivered, and whilst there are a range of actions that can be taken to mitigate those risks, it was accepted that, on occasions, there may be little that can be done.

Members identified 35 issues, as set out in Appendix 'A' (attached), which will now be fed into the corporate risk identification process in 2002/03.

### **3. Risk Identification Process**

In the previous two years an operational risk identification and management process has been in place within the County Council through the Finance Board, (comprising the Finance Director and the Assistant Directors representing all departments) which identifies the significant risks in each service and the likelihood and potential financial impact of those risks; and informs the Chief Officers of the actions being taken to address them. Their findings are also used by District Audit to inform their Audit Plan for the County Council.

One of the issues identified by the District Auditor in her draft Annual Audit letter for 2001/02 (see item 2 on the agenda) is the lack of involvement of members in this process. The District Auditor has recommended that:-

*"The Council should ensure that members involvement in risk management becomes an integral part of its corporate government arrangements".*

As a result of that recommendation the Committee are asked to recommend to Cabinet that a member dimension being incorporated into the process.

### **4. Suggested Recommendation to the Cabinet**

That the outcome of the risk identification and management process undertaken by the Finance Board be discussed by Chief Officers with their appropriate Executive Member(s); and that the Cabinet receive an annual report showing how each service has responded.

**MEMBER RISK WORKSHOP - ISSUES IDENTIFIED**

This Appendix lists the issues identified by members in their workshop held on 30 September 2002, as being likely to involve risk that could impact on achievement of objectives.

The issues are listed departmentally.

<b>Issues (Risks)</b>	<b>Service</b>
Joint Commissioning Partnerships Board for mental health/learning disability services.	ACS
Charging social services for the perceived costs of bed blocking, when in many cases the causes are outside their control.	ACS
Health sector financial problems affecting partnership arrangements.	ACS
Lack of elderly residential places.	ACS
Use of home care by elderly.	ACS
Affordable care home places.	ACS
Reduction of numbers of people who volunteer to support HCC services.	ACS/CSF
Grant from central government significantly underfunds current service levels in 2003/04.	All
Lack of ownership of cultural change by staff and members.	All
Frequent HCC policy changes as a result of central government and lack of government financial assistance.	All
A major contractor goes bankrupt and compromises contracting arrangements.	All
Too many government surveys leading to policy making difficulties.	Chief Execs
Call Centre not being run effectively.	CI/All
Management of Council Standing Orders	Co Secs
Pay Awards above what is in the budget.	Corp Finance/All
Engaging the community in what HCC and other local authorities provide (Who does what).	Corp Comms

Area Cost Adjustment.	Corp Finance
Supporting People legislation - will income match needs when new system comes into force/operation in April 2003?	Corp Finance
CSF budgets run out of control in the children social care area.	CSF
Little control of HCC Foundation Schools.	CSF
Shortage of people wanting to become school governors.	CSF
Risks to children/failure of systems/procedures to protect children.	CSF
Concerns of residents about the admissions policies of voluntary aided and LEA schools.	CSF
Shortage of qualified or trained staff for professional groups e.g. social care/teachers.	CSF/ACS
New Highways partnership contract arrangements.	Environment
Repairs to the highway are not being done or being done to unsatisfactory standard.	Environment
Disposal of fridges.	Environment
Failure/delay by government on key infrastructure items e.g. airport expansion, regionalism, planning, housing.	Environment
Impact of a fire service strike.	F&R/All
A fuel crisis.	P&P/All
Industrial action by staff disrupting HCC services.	P&P/All
Recruitment and retention of staff.	P&P/All
Flood risk to HCC buildings and to the wider community.	P&P/All
County Hall boilers not functioning efficiently.	P&P
Lack of planning in the use of our estates.	P&P

Key:

ACS = Adult Care Services  
 CSF = Children, Schools & Families  
 CI = Community Information  
 F&R = Fire and Rescue  
 P&P = People and Property

