

Committee:	Executive	Agenda Item No.:	7.
Date:	10 th December 2012	Status	Open
Category	Key decision included in Forward Plan		
Subject:	Strategic Risk Register		
Report by:	Director of Corporate Resources		
Other Officers Involved	Risk Management Group		
Director	Director of Corporate Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council.		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

TARGETS

All.

VALUE FOR MONEY

Risk Management arrangements are a key part of the Council's Governance arrangements which are necessary to secure value for money.

THE REPORT

1 Background Information

- 1.1 The Council's Strategic Risk Register has been reviewed by the Risk Management Group to take into account the issues raised within the Master Risk Register which outlines the service or operational risks faced by the Council. Alongside the issues generated by our own Master Risk Register the Risk Management Group has looked at best practice from other local authorities in order to ensure that our own arrangements continue to be fit for purpose. The Strategic Register which is provided at Appendix 1 reflects the above work.
- 1.2 In its approach to Risk Management the Council is seeking to secure a number of objectives and to operate in line with recognised best practice. In order to appreciate the importance of Risk Management it is useful to reiterate these objectives:

- To improve the way in which the Council manages its key risks so as to reduce the likelihood of them happening, and to mitigate their impact or magnitude in those cases where they do materialise. This is a key element in protecting service delivery arrangements, the financial position and the reputation of the Council.
- To strengthen the overall managerial approach of the Council. From a Governance perspective the effective operation of Risk Management is regarded as being a key element of the managerial framework operating within an authority.
- Effective Risk Management is a key component in ensuring that organisations are able to achieve their objectives, and that key projects proceed in line with plan.
- The identification of the risks attached to existing service delivery, or to a project or new initiative is important both to allow a fully informed decision to be made, and ensure that all appropriate measures to mitigate (or reduce) the risk are in place from the outset.
- Finally, an appreciation of the risk environment within which the Council operates assists in determining an appropriate level of financial reserves for sound financial management, and ensures that the organisation has a better awareness of its overall risk exposure.

2 The Strategic Risk Register

2.1 The revised Strategic Risk Register as at 30 September 2012 is set out in Appendix 1 for consideration and approval by Executive. The intention is that this review of the Register will secure the following objectives:

- Identify any newly emerging risks which need to be added to the Register and removing any risks that have been resolved. An on going review of the Strategic Risk Register ensures that a focus is maintained on current risks.
- Revising the Risk Register ensures that existing risks are reviewed, that appropriate mitigation remains in place, and where necessary the assessment is revisited.
- The process also allows appropriate consideration to be given to the success of existing mitigation, and to the issue of whether any further mitigation is required.
- The Strategic Risk Register as set out in Appendix 1 is structured so that those risks with the highest risk score are detailed first.

2.2 In overall terms a key element which emerges from the Strategic Risk Register is one of an ongoing requirement to maintain our current

performance in respect of service delivery, performance and governance to local residents. The current position, however, needs to be maintained at a time when it will be increasingly necessary to manage the Council's finances in a more pro active way in order to ensure that our expenditure remains in line with the level of our resources and that the level of our financial balances is improved. While, the Council has delivered a comprehensive programme of change over recent years, there remain a number of significant issues where continued progress is necessary if the Council is to better secure the outcomes sought by our local residents. The initiatives necessary to secure continued improvement all bring with them risks which need to be effectively managed, and the Council's Risk Management framework should assist in ensuring that these risks continue to be addressed.

3 Implications

Financial:

- 3.1 There are no additional financial implications arising out of this report at this stage. While where appropriate additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Master Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

Legal:

- 3.2 There are no legal issues arising as a consequence of this report.

Human Resources:

- 3.3 There are no Human Resource issues arising directly out of this report.

RECOMMENDATIONS

- 1) **That Executive notes the report and approve the Council's Strategic Risk Register as set out in Appendix 1.**
- 2) **That Members request that an update of the Strategic Risk Register as at 30 December 2012 be brought back to Executive for approval.**

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

To provide Members with an update on the Strategic Risk Register.

ATTACHMENTS: **Y- Appendix 1**
FILE REFERENCE:
SOURCE DOCUMENT: **Master Risk Register held in Accountancy**

TABLE 1

STRATEGIC RISK REGISTER SUMMARY

STRATEGIC RISK REGISTER SUMMARY AS AT: SEPTEMBER 2012

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact)Taki ng into Account Current Controls	Risk Owner / Lead Officer
1	Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are at minimum levels.	<ul style="list-style-type: none"> • Impact upon ability to deliver current level of services • Unable to resource acceptable levels of service. • Significant adverse reputational Impact. 	4,4 16	3,4 12	SAMT / Chief Financial Officer
2	Failure to realise the opportunities presented by the Strategic Alliance / Joint Working.	<ul style="list-style-type: none"> • Deterioration in service quality / performance. • Failure to achieve required MTFP savings. • Deterioration in quality of governance and internal control arrangements. 	4,4 16	3,4 12	SAMT / Political Leadershi p
3	Adverse external financial developmen	<ul style="list-style-type: none"> • Unable to deliver the package of 	4,4, 16	3,4 12	SAMT / Political Leadershi

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact) Taking into Account Current Controls	Risk Owner / Lead Officer
	ts have an accelerating impact on Council (poor grant settlement), or upon the local economy (employment losses / benefits reforms).	<p>services to meet changing local needs and aspirations.</p> <ul style="list-style-type: none"> • Unable to effectively support local communities. • Increased demands on Council services at a time when Council resource base is reducing. 			p
4	Lack of strategic direction from Members / Corporate Management Team, external partners change Strategic direction.	<ul style="list-style-type: none"> • Failure to deliver high quality services which address national and local priorities. • Deterioration in Governance Arrangements. • Refocus of current services necessary with associated disruption. 	4,4 16	3,3 9	Chief Executive / Political Leadership Team
5	Delivery of the	<ul style="list-style-type: none"> • New initiatives are not 	4,4 16	3,3 9	SAMT / Chief

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact) Taking into Account Current Controls	Risk Owner / Lead Officer
	Council's Agenda is dependent upon effective delivery of both a number of major initiatives including Regeneration Initiatives, HRA reform, Asset Management securing major financial savings and implementing a range of new government reforms whilst maintaining service quality, which may overstretch our reduced organisational capacity.	<p>delivered in a cost-effective manner.</p> <ul style="list-style-type: none"> • Failure to maintain / improve services in line with local aspirations • Failure to generate the savings required to balance the budget • Financial efficiencies weaken Governance / Internal Control arrangements. • Service deterioration / failure arising from capacity issues. 			Executive
6	Financial position makes it increasingly difficult to recruit to key posts or to replace	<ul style="list-style-type: none"> • Deterioration in services to the public • Increasing inefficiencies in service provision 	4,4 16	4,3 12	SAMT / Asst Director HR

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact)Taking into Account Current Controls	Risk Owner / Lead Officer
	key staff who leave	<ul style="list-style-type: none"> • Weakening of Internal Control arrangements. 			
7	Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by flu pandemic, natural disaster (flood), etc	<ul style="list-style-type: none"> • Inability of Council to provide services as a consequence of a severe catastrophic external event (eg flooding, major terrorist incident, flu pandemic, fire). • Failure of IT infrastructure, leading to inability to effectively operate services and to safeguard income streams. • Business Continuity Plans prove ineffective in practice. 	3,5 15	2,5 10	SAMT / Director of Health and Well Being

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact) Taking into Account Current Controls	Risk Owner / Lead Officer
8	Governance Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate effectively in a rapidly changing environment.	<ul style="list-style-type: none"> • Adverse Impact upon Service Quality. • Failure to deliver high quality services which address national and local priorities. • Significant adverse reputational impact. 	3,4 12	3,3 9	Chief Financial Officer / Monitoring Officer
9	Workforce Issues (Staff morale / Sickness Levels) adversely affected as a result of pace of change, tightening financial circumstances or external circumstances.	<ul style="list-style-type: none"> • Deterioration in services to the public and loss of productivity • Loss of key staff increased sickness levels • Increased pressure on other members of staff 	3,4 12	3,3 9	SAMT / Assistant Director HR