

**Bolsover District Council**

**Executive**

**14<sup>th</sup> July 2014**

**Strategic Risk Register**

**Report of the Executive Director - Operations**

This report is public

**Purpose of the Report**

- To update Members concerning the current position regarding Risk Management and to seek approval for the revised Strategic Risk Register as at 31 March 2014, as part of the suite of Finance, Performance and Risk reports.
- To update Members regarding the arrangements which are currently in place to manage partnership arrangements including the associated risk.

**1 Report Details**

**Background**

- 1.1. The Council's Strategic Risk Register has been developed 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. The Risk Management Group has also given separate consideration to the Strategic Risks which face the organisation.
- 1.2. In addition to the work undertaken at the Business Risk Group the Council also considers the issue of Risk Management at the Quarterly Directorate meeting. This allows senior managers to have a greater level of input into the shaping of the Strategic Risk Register and into the wider issues of Risk Management. It also allows service Registers to be independently reviewed on a more regular basis than was achieved by periodic review at the Business Risk Group. More recently Strategic Risks were considered as part of a Member Development Day. Finally, this report will also be considered at a meeting of the Council's Audit Committee.
- 1.3. 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 to 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 good understanding of its overall risk exposure.

## **2. The Strategic Risk Register**

- 2.1. The revised Strategic Risk Register as at 31 March 2014 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 ongoing 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 risk 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 at a time of declining financial support from central government. This is likely to entail some significant changes in the manner in which our services to local residents are delivered with the level of change required clearly having the potential to disrupt service provision with the associated risks that such disruption entails.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 The Strategic Risk Register is intended to highlight those areas where the Council needs to manage its risks effectively. One of the key purposes of this report is to set out the risks that have been identified (see Appendix 1) and to encourage both Members and Officers to actively consider whether the Strategic Risk Register and supporting Service Risk Registers actively cover all of the issues facing the Council.

### **Reasons for Recommendation.**

- 2.2 To enable Executive to consider the risks identified within the Strategic Risk Register in order to assist in maintaining effective governance arrangements, service and financial performance.

## **3 Consultation and Equality Impact**

### **Consultation**

- 3.1 There are no issues arising from this report which necessitate a detailed consultation process.

### **Equalities**

- 3.2 There are no equalities issues arising directly out of this report.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 Under the relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is in part intended for Members and Officers to consider whether the Council has adopted an appropriate approach to its management of risk.

## **5 Implications**

### **5.1 Finance and Risk Implications**

#### **Financial**

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 Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

## **Risk**

Risk Management Issues are covered throughout the body of the main report.

### **5.2 Legal Implications including Data Protection**

There are no legal or data protection issues arising directly out of this report.

### **5.3 Human Resources Implications**

There are no human resource issues arising directly out of this report.

## **6 Recommendations**

- 6.1 That Executive approves the Strategic Risk Register as at 31<sup>st</sup> March 2014 as set out in Appendix 1 to this report and request that an updated Register as at 30<sup>th</sup> June 2014 be brought back to a subsequent meeting of Executive for approval.

## **7 Decision Information**

<b>Is the decision a Key Decision?</b> (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
<b>District Wards Affected</b>	None Directly
<b>Links to Corporate Plan priorities or Policy Framework</b>	Robust Governance (including Risk Management) arrangements underpin the effective operation of the Council and its ability to secure all of the Corporate Plan priorities.

**8 Document Information**

Appendix No	Title
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Master Risk Registers Strategic Risk Register	
Report Author	Contact Number
Executive Director – Operations	2431

## STRATEGIC RISK REGISTER SUMMARY AS AT: 31st MARCH 2014

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood x Impact)</b>	<b>Risk Score (Likelihood x Impact) Taking into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
1	Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are at relatively low levels.	<ul style="list-style-type: none"> <li>• Impact upon ability to deliver current level of services.</li> <li>• Unable to resource acceptable levels of service.</li> <li>• Significant adverse reputational Impact.</li> </ul>	4,4 <b>16</b>	3,4 <b>12</b>	SAMT / Chief Financial Officer
2	Adverse external economic position / government legislation, welfare reform etc. has an accelerating impact on Council (poor grant settlement), or upon the local economy (employment losses / welfare reform), to which Council is unable to adopt an appropriate change of Strategic direction.	<ul style="list-style-type: none"> <li>• Unable to deliver a package of services that meet changing local needs and aspirations.</li> <li>• Unable to effectively support local communities.</li> <li>• Increased demands on Council services at a time when Council resource base is reducing.</li> </ul>	4,4, <b>16</b>	3,4 <b>12</b>	SAMT / Political Leadership
3	Financial position makes it increasingly difficult to recruit to key posts / replace key staff who leave, or workforce morale is adversely affected by as a result of pace of change, tightening financial circumstances or external circumstances	<ul style="list-style-type: none"> <li>• Deterioration in services to the public.</li> <li>• Increasing inefficiencies in service provision.</li> <li>• Weakening of Internal Control arrangements.</li> <li>• Increased pressure on other members of staff.</li> </ul>	4,4 <b>16</b>	3,4 <b>12</b>	SAMT / Asst Director HR

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood x Impact)</b>	<b>Risk Score (Likelihood x Impact) Taking into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
4	Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives inc 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.	<ul style="list-style-type: none"> <li>• New initiatives are not delivered in a cost-effective manner.</li> <li>• Failure to maintain / improve services in line with local aspirations.</li> <li>• Failure to generate the savings required to balance the budget.</li> <li>• Financial efficiencies weaken Governance / Internal Control arrangements.</li> <li>• Service deterioration / failure arising from capacity issues.</li> </ul>	4,4 <b>16</b>	3,4 <b>12</b>	SAMT / Chief Executive
5	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"> <li>• Inability of Council to provide services as a consequence of a severe catastrophic external event (e.g. flooding, major terrorist incident, flu pandemic, fire).</li> <li>• Failure of IT infrastructure, leading to inability to effectively operate services and to safeguard income streams.</li> <li>• Business Continuity Plans prove ineffective in practice.</li> </ul>	3,5 <b>15</b>	2,5 <b>10</b>	SAMT / Director of Health and Well Being
6	Failure to realise the opportunities presented by the Strategic Alliance / Joint Working.	<ul style="list-style-type: none"> <li>• Deterioration in service quality / performance.</li> <li>• Failure to achieve required MTFP savings.</li> <li>• Deterioration in quality of governance and internal control arrangements.</li> </ul>	4,4 <b>16</b>	3,3 <b>9</b>	SAMT / Political Leadership
7	A major operational or failure of data	<ul style="list-style-type: none"> <li>• Deterioration in services to the public, potentially a major</li> </ul>	3,4 <b>12</b>	2,4 <b>8</b>	SAMT / Assistant

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood x Impact)</b>	<b>Risk Score (Likelihood x Impact) Taking into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
	protection risk materialises resulting in a significant impact upon the Council's ability to secure its corporate objectives. Given the efficiency measures that have been introduced to date this is considered to be an increasing issue for the Council.	<p>initial impact upon a local resident or a group of local residents.</p> <ul style="list-style-type: none"> <li>• Significant staff and financial resources required to resolve position, impacting on other services.</li> <li>• A major service has its operating capacity significantly impact and is required to introduce major reform in its approach to service delivery.</li> </ul>			Directors
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"> <li>• Adverse Impact upon Service Quality.</li> <li>• Failure to deliver high quality services which address national and local priorities.</li> <li>• Significant adverse reputational impact.</li> </ul>	<b>3,4 12</b>	<b>2,4 8</b>	Chief Financial Officer / Monitoring Officer