

**Bolsover District Council**

**Executive**

**30<sup>th</sup> March 2015**

**Strategic Risk Register**

This report is public

**Report of Cllr E Watts, Portfolio Holder for Finance**

**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<sup>st</sup> December 2014, as part of the suite of Finance, Performance and Risk reports.

**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 the Strategic Risk Register was considered as part of a Member Development Day. The Strategic Risk Register is reported on a quarterly basis to both Executive and to the 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 better awareness of its overall risk exposure.

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

2.1. The revised Strategic Risk Register as at 31<sup>st</sup> December 2014 is set out in **Appendix 1** for consideration by the Audit Committee. 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.

- 2.3. At the quarterly Performance meetings one issue was raised in respect of the Council's position over the coming six months. This concerned the requirement to ensure that the Council's role in administering the Election process in May 2015 is appropriately handled with robust arrangements in place. Given that there are both national and local elections taking place on the same day there will be an increased level of complexity against those years in which only local elections are held. Officers are confident that providing adequate staffing resources are available that the position will be appropriately managed. However, the significant reputational damage arising from any failings was acknowledged. This issue has been incorporated into the Strategic Risk Register item number 4 which concerns the large number of projects the Council needs to deliver against the background of limited capacity. Given the importance of delivering an election the associated risks will be managed where necessary by diverting resources away from other workstreams.
- 2.4. In order to develop the understanding of risk throughout the organisations a series of training sessions for senior managers was held in the summer of 2014. These training sessions included a significant element dealing with risk management.

## **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 formal 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 and to manage its Partnership arrangements effectively. 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 and partnerships. It is part of a well established framework of debate within the Council and with external partners with options in respect of both the risks identified and the management processes considered as part of that ongoing debate.

## 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 considers the Strategic Risk Register as at 31<sup>st</sup> December 2014 as set out in Appendix 1 and makes any comments that it considers to be appropriate.

## 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>	All.
<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.
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**8 Document Information**

Appendix No	Title	
1	Strategic Risk Register as at 31 <sup>st</sup> December 2014.	
<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 Register		
<b>Report Author</b>		<b>Contact Number</b>
Executive Director – Operations		2431

STRATEGIC RISK REGISTER SUMMARY AS AT: 31<sup>st</sup> DECEMBER 2014

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood Impact) x</b>	<b>Risk Score (Likelihood Impact) Taking into Account Current Controls x</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. It would be reasonable to anticipate an increase in policy	<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

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood Impact)</b>	<b>x</b>	<b>Risk Score (Likelihood Impact)Taking into Account Current Controls</b>	<b>x</b>	<b>Risk Owner / Lead Officer</b>
	announcements / legislative change following the May 2015 election.						
3	Financial position makes it increasingly difficult to recruit to key posts or to replace key staff who leave. Staff 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 Impact)</b> x	<b>Risk Score (Likelihood Impact)Taking into Account Current Controls</b> x	<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 Local and national elections, 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	<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</li> </ul>	3,5 <b>15</b>	2,5 <b>10</b>	SAMT / Director of Health and Well Being



	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood Impact)</b>	<b>x</b>	<b>Risk Score (Likelihood Impact)Taking into Account Current Controls</b>	<b>x</b>	<b>Risk Owner / Lead Officer</b>
	tested by flu pandemic, natural disaster (flood), etc.	to inability to effectively operate services and to safeguard income streams. <ul style="list-style-type: none"> <li>Business Continuity Plans prove ineffective in practice.</li> </ul>					
6	Lack of strategic direction from Members / Corporate Management, external partners change Strategic direction.	<ul style="list-style-type: none"> <li>Failure to deliver high quality services which address national and local priorities.</li> <li>Deterioration in Governance Arrangements.</li> <li>Refocus of current services necessary with associated disruption.</li> </ul>	3,4	12	3,3	9	Chief Executive / Political Leadership Team
7	A major operational or failure of data 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.	<ul style="list-style-type: none"> <li>Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents.</li> <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>	3,4	12	2,4	8	SAMT / Assistant Directors
8	Governance	<ul style="list-style-type: none"> <li>Adverse Impact upon Service</li> </ul>	3,4	12	2,4	8	Chief Financial

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood Impact)</b>	<b>Risk Score (Likelihood Impact) Taking into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
	Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate effectively in a rapidly changing environment.	<p>Quality.</p> <ul style="list-style-type: none"> <li>• Failure to deliver high quality services which address national and local priorities.</li> <li>• Significant adverse reputational impact.</li> </ul>			Officer / Monitoring Officer